

C4

Motion

Y-FED 2024

Proposer: The European Government (decided on: 2024-07-06)

Title: **Regulation 2024/05 laying down the general framework addressing the macroeconomic and financial situation in Italy and the Federation**

1 THE HOUSE OF EUROPEAN CITIZENS AND THE EUROPEAN SENATE,

2 Remembering the continuum of the European integration project, created on the
3 premise of economic cooperation between peaceful nations as a step towards de
4 facto solidarity and federation among European nations,

5 Having regard to the European Youth Convention, and in particular Articles 47 to
6 52 thereof,

7 Having regard to Organic Regulation 2024/01 defining European citizenship also
8 called the European Citizenship Charta, Regulation 2024/02 laying down the
9 Federal Budget and Directive 2024/03 ensuring fair and decent social standards
10 across the Federation.

11 Acting in accordance with the procedure laid down in Article 20 of the
12 Convention and Rule 7.1.1.2, 7.1.5.1, 8.1.1 and 9.1.12. of the Rules of
13 procedure,

14 *Whereas:*

- 15 1. On the 4th of July 2024, the European Parliament adopted the “Social
16 Contract” packages laying down the rules for the Federal European
17 Citizenship, Federal Budget as well as the creation of a Public Service.
18 Such provisions were a response to the financial and identity crisis
19 looming over the Federation. As such, it gave Europeans a sense of fiscal
20 responsibility and proudness towards the Federation.
- 21 2. On the 5th of July 2024, the Italian Government announced not to reimburse
22 the loans contracted through the Next Generation EU package, despite the
23 warnings of the Federal Government. This led to an inflation spiral that
24 eventually caused a spike on the stock exchange markets. In turn, the
25 Italian Government announced it was in liquidity default and could not
26 fulfill its financial obligations. On the night of the 5th July, it
27 officially called for International solidarity.
- 28 3. The Federation acknowledges the threat that the bankruptcy of the Italian
29 Government would pose. The Federation must be provided with the
30 appropriate measures to preserve financial markets stability and European
31 social and economic cohesion.
- 32 4. The Convention allows, in its Article 51.2, the Government to generate
33 debt on exceptional circumstances to face perilous situations.

34 HAVE ADOPTED THE FOLLOWING REGULATION:

35 **CHAPTER 1 - GENERAL PROVISIONS**

36 **Article 1: Object**

37 The present Regulation lays down immediate action to solve the issues caused by
38 Italy’s state of bankruptcy, and the protest waves all over the Federation’s
39 territory.

40 **Article 2: Definitions**

41 For the purposes of this Regulation:

- 42 1. Savings - Refers to the amount of money owned by private individuals, and
43 used by an investment asset by private banks.
- 44 2. Revitalisation - Refers to the policy of ensuring the economic and social
45 resilience of a territory after suffering major financial damages.
- 46 3. Ledger - A book or other scheme for keeping [accountingrecords.](#)
- 47 4. Lender of Last resort - Refers to an institution, typically a central
48 bank, that provides emergency liquidity to financial institutions facing
49 temporary financial difficulties or liquidity shortages and that finds
50 itself unable to obtain sufficient liquidity in the interbank lending
51 market.
- 52 5. Economic and Social Blasts - A substancial disrupt of the companies and
53 the employment rates requiring attention and intervention caused by a
54 major socio-economic shock.

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56

CHAPTER 2 - ON THE DEBT TAKE-OVER

57 **Article 3: Towards a Federated public debt for the Federated**
58 **States**

59 The Federation shall become the sole owner of all existing national public debt
60 of the Federated States. The Federation is authorized to take over the existing
61 national public debts of any Member State(s) facing a crisis, as outlined in
62 articles 6.1 to 6.5 of Regulation 2024/02 pertaining to the Federal Budget, in
63 order to provide reimbursement.

64 **Article 4: Preventing future crises**

65 A transitional period shall commence in the month subsequent to the enactment of
66 this directive. The procedures outlined herein shall be uniformly applied

67 throughout the federation for the entirety of the transitional period to prevent
68 future defaults:

- 69 • The Federation shall become the sole owner of all existing national public
70 debt of the Member-States. The Federation is authorized to take over the
71 existing national public debts of any Member State(s) facing a crisis, as
72 outlined in articles 6.1 to 6.5 of Regulation 2024/02 pertaining to the
73 Federal Budget, in order to provide reimbursement;
- 74 • Upon the expiration of each national bond, the Federal Treasury Agency
75 shall issue a corresponding new bond to settle the national bond, thereby
76 transferring the associated liability to the Federal ledger;
- 77 • If a Member-States faces an economic and financial crisis, the national
78 debt of the said State shall be shared at the Federal level. The issuance
79 of Federal bonds will ensure the mitigation of both the financial burden
80 of the Member-State in question and the risk ratings of bonds it will have
81 to reimburse. The latter will be implemented to ensure the economic
82 stability of the Federation. Any Member-State that refuses to participate
83 in said obligations and thus disregards the principle of solidarity
84 (stated in articles 2, 6 and 45 of the European commission) will thereby
85 be subject to both economic and political sanctions;
- 86 • To retain fiscal stability the Federal Government must remain in
87 compliance with the Maastricht criteria;
- 88 • Federated States may only request a grant from the Federal Treasury Agency
89 during the transitional period, provided that their annual budget exhibits
90 a deficit;
- 91 • The aforementioned procedures shall terminate upon the complete transfer
92 of all debts owed by Federated States which are facing the crisis to the
93 Federal ledger.

94 **Article 5: Funding**

95 The Federal debt mechanism is funded through 4 financial measures;

- 96 1. All European banks shall be required to purchase bonds issued by the

97 Federal Government utilizing the bank investment funds, thereby providing
98 reassurance to Italian savers to prevent withdrawals in the short term.

99 2. The Federal debt mechanism is funded through indirect contribution from
100 European household's savings. The Federal Treasury Agency shall ensure the
101 repayment of its financial assets by securing them on household's savings
102 located on saving bank accounts located on the European Federation's
103 territory. The Federation may raise temporary debt to face the current
104 crisis as stated in article 6.1 and 6.5 of the Regulation 2024/02 laying
105 down the Federal Budget. The issuance of debt shall be granted solely to
106 the Federal Treasury Agency, under the approval by an absolute majority of
107 the Senate.

108 3. With respect to the principle of budget solidarity, and to reaffirm
109 support to the Italian citizens, the Federation will forgive the interest
110 rates of Italian NextGENEU public bonds.

111 4. The European Central Bank will issue Lenders of last resort to Italian
112 financial institutions to prevent financial panics and bank runs, and
113 bring liquidity to the Italian Market.

114 In return for the adoption of those measures, Italy must undergo structural
115 policy reforms with the help of the European Federation.

116 **CHAPTER 3 - ON THE REVITALISATION OF DEPRESSED** 117 **AREAS**

118 **Article 6 : Federal framework for employment regeneration in** 119 **stricken areas (FFERSA)**

120 The Federated Government shall propose and support a plan to regenerate
121 employment at the regional level of Member-States struck by economic and social
122 blasts, with the objective of saving employment, in regards to the European
123 pillar of social rights.

124 Under the scope of a new social assistance program, financial aid will be
125 prioritized to the following socially vulnerable groups including single-parent
126 families, large families with more than 2 children, or families in which one
127 member is disabled and/or unemployed.

128 It shall additionally help enterprises regenerate in the stricken areas.

129 **Article 7 : General provisions for enforcement of the FFERSA**

130 Whenever a local authority equivalent to the established national-level
131 subdivisions within each Member State as further specified by each national
132 jurisdiction notifies the services of the Federal government of a major economic
133 blast reasonably threatening employment and stability of private enterprises in
134 a specific area, the mentioned regional government shall propose to the local
135 authority, to the House of European Citizens and to the European Senate a plan
136 based on the Federal framework for employment and enterprises regeneration in
137 stricken areas (FFERSA), that will be discussed by the House or European
138 Citizens and to the European Senate.

139 **Article 8 : Financial resources and implementation**

140 The FFERSA shall be funded by extraordinary bonds issued by the Federal
141 government, according to Article 51-2 of the European Youth Convention. The
142 total amount of this bond shall be allocated to financing recovery in the
143 stricken area, via funding local plans (proposed by local-level subdivisions
144 within a Member State) for safeguarding employment.

145
146 The total amount of bonds issued by the European Federation must not exceed
147 three-hundred billion Euros, of which no more than fifty billion euros are
148 allocated as grants. The amount not distributed as grants will be allocated as
149 loans, presenting a fixed interest rate of 1.5% for a period of 10 years. This
150 period can be extended to a maximum of 20 years in case a Member State cannot
151 comply with the requirements, on national debt and deficit, set by the Stability
152 and Growth Pact.

153 The bond shall be issued within a time period of less than two months, allocated
154 to the subdivisions--lead project in the following month, and eventually be
155 spent in less than 5 months after the economic backlash.

156
157 The grants will refer to the first phase of the European Federation's crisis
158 response, following by the attribution of loans.

159 **Article 8.bis: Independent committee**

160 For the purposes of the present Regulation, an independant committee shall be
161 laid down. It shall:

162 1. independently and objectively follow the redistribution of the money from the
163 federal government to the competent authority pursuing the established plan,
164 2. work with the competent authorities, these being either the member states,
165 and regional and local governments taking into consideration competences of each
166 authority related to the economic or social blast, and the goals of each
167 specific plans, 3. ensure that the needs of small and big private enterprises
168 are taken into account by catering to the specific needs related to their legal
169 and economic capacities,
170 3. consider the particularities of each member state when facing the crisis that
171 results in the activation of the specific plan.

172 **CHAPTER 4 - ON THE RIGHT TO PROTEST IN THE** 173 **FEDERATION**

174 **Article 9: Right to Peaceful Protest**

175 Every citizen shall have the right to peaceful assembly and protest, provided
176 that such protest does not infringe upon the rights and freedoms of others or
177 compromise Federal, national and regional security.

178 The local authorities have the competence and right to intervene, if necessary
179 in concertation with the Federal Government, in order to take appropriate and
180 proportionate measures to ensure the rights and freedoms of others as well as
181 federal, national and regional security.

182 The Federal Government reserves the right to intervene if local authorities are
183 unable to reestablish order. Any kind of brutality from the local government
184 will not be accepted.

185 If the use of force is needed, this must comply with the rights granted by the
186 European Youth Convention.

187
188 The right to freedom of speech and expression shall not be infringed upon by
189 Federal or National or Regional authorities unless fundamental rights of others
190 are seriously violated as determined by the present authorities and subsequently
191 judged by the courts

192 **Article 10: Responsibility and Accountability**

193 While the right to protest is recognized, it is incumbent upon the protesters to
194 ensure their actions remain within the bounds of law and order. Any act of

195 violence, vandalism, or public disorder shall not be tolerated and will be
196 subject to legal penalties and intervention of local security authorities.

197 Organizers may be held accountable for harm or damage caused by protesters; if
198 the former acted with negligence and the perpetrators can not be found. If any
199 person is carrying an harmful weapon or dangerous tool during the protest, this
200 will lead to an increase of the penalty envisaged by the national laws of the
201 Member State.

202 **Article 11: Notification for Large Gatherings**

203 I. For protests involving above 100 participants or more, the organizers must
204 inform local athorities at least 5 minutes in advance. This is to ensure public
205 safety and order, and not to restrict the right to protest. The process for
206 obtaining such a permit should be transparent, non discriminatory, and
207 expedient, reaffirming Art. 11 ECHR. Local authorities may ban them when there
208 are well founded grounds to expect a breach of public order, involving danger to
209 persons or property.

210 II. Notice must be given or directed to local athorities as a mean of
211 information.

212 III. This is to ensure public safety and order, and not to restrict the right to
213 protest. Local and federal authorities thus reserve the right to prevent protest
214 if there is a grounded reason to expect violence , extremism or other violation
215 of the european Charta.

216 Spontaneous manifestations are allowed if they are pacifc demonstrations without
217 any risk or act of violence, and if they do not undermine the stability of the
218 Federation. Legal procedures can be initiated by the State if these rules are
219 not respected.

220 **Article 11 bis: Role of the Judiciary**

221 It is the right of every individual to request the support of the judiciary if
222 they believe with due cause that their rights have been or are being infringed
223 upon by local or federal authorities.

224 **CHAPTER 5 - IMPLEMENTATION**

225 **Article 12: Entry into force and application**

226 1. The present Regulation shall enter into force immediately following its
227 publication in the Official Journal of the European Federation.

228 2. The Government shall be allowed to adopt any decree or implementing act
229 related to the implementation of the technical aspects of the present
230 Regulation.

231 3. It shall apply immediatly after adoption.

232 The present Regulation shall be binding in its entirety and directly applicable
233 to the European Government and in all Member States.

234 For the European Parliament

235 The President

236 For the European Senate

237 The President